

VZCZCXRO0774  
OO RUEHAO RUEHCD RUEHHO RUEHNG RUEHRD RUEHRS  
DE RUEHDG #0033/01 0282153  
ZNR UUUUU ZZH  
O R 282153Z JAN 10  
FM AMEMBASSY SANTO DOMINGO  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0661  
INFO WESTERN HEMISPHERIC AFFAIRS DIPL POSTS  
RHEHNSC/WHITE HOUSE NATIONAL SECURITY COUNCIL WASHINGTON DC  
RHMFIUU/CDR USSOUTHCOM MIAMI FL  
RUCNDT/USMISSION USUN NEW YORK 0023  
RUCPDOG/USDOC WASHINGTON DC  
RUEAIIA/CIA WASHINGTON DC  
RUEHRC/USDA FAS WASHDC

UNCLAS SECTION 01 OF 04 SANTO DOMINGO 000033

SIPDIS

E.O. 12958: N/A

TAGS: [PREL](#) [ETRD](#) [EAID](#) [EINV](#) [DR](#) [HA](#)

SUBJECT: AFTER THE EARTH MOVED: A NEW HISPANIOLA

REF: A. SANTO DOMINGO 21; B. SANTO DOMINGO 08

[1](#)C. 09 SANTO DOMINGO 1339

SUMMARY

[1](#)1. (SBU) The horrific earthquake in Haiti could be the cathartic event that leads to an historic change in relations between that country and the Dominican Republic. In its rubble, we see a providential opening, a chance to leave behind three centuries of enmity and distrust, to foster a new spirit of cooperation on the island of Hispaniola, and to promote economic coordination and integration that will advance the reconstruction of Haiti and provide the foundation for greater growth and development in both countries in the years ahead. In this cable, we highlight the energy of the DR business sector, whose leaders are eager to expand their operations with Haiti and to build business relationships with Haitian companies. We also outline ways to expand to Haiti a number of commercial, agricultural and technical assistance programs that have succeeded here. And we cite possibilities within the Pathways to Prosperity initiative that might encourage our associates in free trade agreements to share their best practices with Haiti through the DR. President Obama has observed that opportunity arises from crisis; the Haitian earthquake is an overwhelming crisis, and a huge opportunity. END SUMMARY.

BACKGROUND: HISTORICAL ENMITY CREATED AN ISLAND DIVIDED

[1](#)2. (U) Relations between the two parts of Hispaniola have been problematic for three centuries, ever since the establishment of a French colony on the western side of the island in 1640. Following the outbreak of the Haitian revolution, troops under Toussaint L'Ouverture took Santo Domingo in 1801. Haiti conquered and occupied what is now the DR from 1822-44, and sought to re-establish its domination through military conquest on several occasions through 1856. The border between the two countries was not agreed to until 1935, and two years later DR dictator Rafael Trujillo ordered his Armed Forces to carry out the massacre of up to 35,000 Haitians on the Dominican side. Anti-Haitian demagoguery by Dominican politicians, most notably that practiced by seven-term President Joaquin Balaguer to demonize his principal challenger, Jose Francisco Pena Gomez (who was of Haitian descent), served to intensify prejudices against Haitians and work against initiatives to meaningfully advance bilateral political ties or economic integration. Over the past decade, relations have been complicated by Dominican concerns over the large number of illegal Haitian immigrants (estimated by the GoDR at between 900,000 and 1.2 million, at least 10 percent of the country's population), and international concerns over violations of the human rights of Haitians in the DR, particularly with respect to historic

conditions in the sugar industry and the statelessness of the undocumented offspring of Haitian immigrants born in the DR.

ECONOMIC TIES NONETHELESS CONTINUED TO GROW . . .

13. (U) Despite these difficulties, the geographic proximity of the two countries has ensured the development of important commercial ties. According to the IMF's Direction of Trade Statistics, in 2008 Haiti was the DR's second largest export market (9.25 percent of total exports), while the DR was Haiti's second largest supplier of imports (23.3 percent) and second largest export market (8.85 percent). Markets in towns up and down the border flourish, with some 20,000 Haitians on average converging on the northern town of Dajabon twice a week to buy and sell wares. According to the GoDR, border commerce between the two countries before the earthquake had increased by over 14 percent this past year alone. Dominican companies are also looking at using low-cost unskilled Haitian labor to supplement their higher-cost operations here, with the best example being Grupo M, a textile firm that now employs some 4000 workers on the border in northern Haiti, who cut and stitch the basic garments and then send their production to the DR for finishing.

. . . AND POLITICAL RELATIONS BEGAN TO IMPROVE

14. (SBU) President Fernandez has made improved bilateral relations with Haiti a priority well before the earthquake. He established a good working relationship and, apparently, warm personal ties to Haitian President Rene Preval, visiting Port au Prince and hosting Preval in the DR, and he has sought to renew the meetings of the Mixed Bilateral Commission, which has been moribund for the past decade. (Dominican officials state that their working groups have been ready to engage in talks for the past six months and expressed frustration at the political instability in Haiti which seemingly prevented the Haitians from participating in these meetings.) In November, Planning Minister Temistocles Montas, in a speech to the American Chamber of Commerce (AMCHAM), proposed creating a Puerto Rico-DR-Haiti production chain, an idea that was expanded on by President Fernandez and Foreign Minister Carlos Morales during a December meeting with WHA P/DAS Craig Kelly (Ref C). During the last quarter of 2009, Dominican outreach to Haiti accelerated, with regular visits of GoDR ministers to Port au Prince. In December, Haiti's Minister for Haitians Abroad, Edwin Paraison, visited Santo Domingo to treat the sensitive issue of Haitian migrants in the DR. Dominican businessmen welcomed Haitian counterparts to a meeting of entrepreneurs in December, where they launched an initiative to create a "bilateral development plan" to be funded by the European Union. And Dominican universities, which already have over 3000 Haitian students, were looking at establishing up to three campuses in Haiti (Ref B). In sum, while Hispaniola on the eve of the quake was still an island divided, a tropical version of perestroika was well underway.

THE DR'S RESPONSE TO THE DISASTER - "AYUDAR NUESTRO VECINO PAIS"  
("HELP OUR NEIGHBOR")

15. (U) The Dominican Government reacted immediately, compassionately and effectively to the Haitian tragedy. The GoDR mobilized its armed forces, medical services, and civil defense units to lend assistance; sent food, water and medical supplies; provided medical treatment to over 15,000 Haitians; offered the country's ports and airports to serve as logistical platforms for the delivery of international assistance; encouraged state companies and the private sector to pitch in (the state electricity company, for example, organized a public/private team of 40 technical experts to help electricity service resume there); and suspended the deportation of illegal Haitian immigrants already inside the country. The Dominican people responded similarly, collecting millions of dollars in monetary donations and relief supplies. President Fernandez flew to Haiti 2 days after the

earthquake - the first foreign leader to visit, to stand with President Preval amid the aftershocks and pledge his government's support. President Preval has since travelled to Santo Domingo, his only travel since the disaster. Fernandez has also taken a leading role in encouraging and organizing international assistance to Haiti, hosting a hemispheric preparatory conference on relief and reconstruction efforts on 18 JAN 2010, and has offered to host a follow-on meeting in April to conclude a long-term strategic plan for Haiti assistance (Ref A).

#### LOOKING TO THE FUTURE

¶6. (SBU) This shared outpouring of solidarity with and assistance to Haiti from the Dominican Government, business community and private citizens provides a dynamic opportunity to both countries to change the history of the relationship toward political and economic cooperation that will provide a firm base for growth and development for the entire island of Hispaniola. We believe the United States and the international community should promote this process, by exploring ways to channel relief and reconstruction assistance to Haiti through the Dominican Republic, thereby benefiting both countries. Our belief is strengthened by our interlocutors in the Dominican-American Chamber of Commerce, whose chairman observed in a recent letter to Secretary Clinton, "The reconstruction of Haiti . . . will require a large number of skilled and semi-skilled workers in construction, transportation, distribution, and other fields. Being based on the same island, our member firms have a logistical advantage, and ought to allow for a more cost-effective solution to many of the reconstruction challenges ahead. Moreover, many of them already have business interests in Haiti and should be able to respond quickly to local needs. In addition to providing more cost-effective solutions, this would facilitate and accelerate economic integration between the two countries and contribute to the sustainable economic growth that we all seek."

¶7. (SBU) We are examining how our current commercial, agricultural and technical assistance programs and contacts here can be expanded to Haiti. Some possibilities:

n Capitalize on the resources, energy and good will of energy providers in this country to provide the capacity for Haiti's reconstruction and eventual modernization. The American company AES, for instance, has offered to make any excess natural gas available to Haiti, and stands prepared to assist as well in any conceivable way to bring Haiti forward in energy provision.

n Encourage U.S. companies in the DR to use their base here, through a subsidiary or through a Dominican representative, to base or expand their operations in Haiti. We know of two temporary shelter companies assessing prospects there now. The Dominican labor market could contribute to their success. Separately, we know of a U.S. manufacturer of porta-potties that already donated an initial 100 units to Haiti via its Dominican distributor, plans to sell many more products to NGOs and relief organizations. The company's DR representative has established an office in Haiti and will hire and train Haitian workers to support the company's operations there.

n Direct the Dominican flour mills, feedmills and meat processors, which use U.S. inputs (100 percent in the case of wheat), that already export to the Haitian market toward the opportunity to build production capacity in Haiti to further penetrate the market there. The new sites would continue to use U.S. raw materials.

n Make U.S. companies aware of the benefits of viewing the DR and Haiti as a unified production chain, as Grupo M has done, to take advantage of each country's competitive advantages.

n Explore Pathways to Prosperity programs that would promote island-wide integration and cooperation - socially inclusive reconstruction through the expansion of microcredit facilities, for example. (Dominican microfinance institutions - particularly successful NGOs such as ADOPEM AND IDEMI, both of which focus primarily on women - could expand operations to Haiti.) Likewise, practices drawn from Pathways experience elsewhere could promote more efficient and lower-cost money exchanges for business transactions and remittances.

n Replicate USAID and USDA agricultural capacity building, development and extension programs that have succeeded here in increasing crop yields, improving animal health and safety, and creating alternative export crops, such as seedless watermelons.

COMMENT: NOT A MARSHALL PLAN, BUT A PLAN HISPANIOLA

18. (SBU) For over 150 years, Dominicans deliberately stood apart from their neighbors on the western side of the island of Hispaniola. Over the past few years, the disparity of economic circumstances between the two nations compelled Dominican leaders toward a different perspective, one that considered the advantages of more robust engagement with Haiti. The earthquake's aftermath presents the opportunity for the most dynamic possible engagement, to the advantage of both nations and, ultimately, the international community as well. Prospects for economic integration fostering sustainable development on Hispaniola have never been greater. The USG's commitment to a reconstruction strategy as outlined here, a "Plan Hispaniola," would be the strongest guarantor of success for the effort. END COMMENT.  
Lambert